

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
RIVERSIDE DIVISION

In Re. Okaysou Corp

§
§
§
§

Case No. 23-11535

Debtor(s)

☐ Jointly Administered

Monthly Operating Report

Chapter 11

Reporting Period Ended: 07/31/2023

Petition Date: 04/17/2023

Months Pending: 4

Industry Classification:

5	9	6	1
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Reporting Method:

Accrual Basis ☒

Cash Basis ☐

Debtor's Full-Time Employees (current):

0

Debtor's Full-Time Employees (as of date of order for relief):

1

Supporting Documentation (check all that are attached):

(For jointly administered debtors, any required schedules must be provided on a non-consolidated basis for each debtor)

- ☒ Statement of cash receipts and disbursements
- ☒ Balance sheet containing the summary and detail of the assets, liabilities and equity (net worth) or deficit
- ☒ Statement of operations (profit or loss statement)
- ☒ Accounts receivable aging
- ☒ Postpetition liabilities aging
- ☒ Statement of capital assets
- ☒ Schedule of payments to professionals
- ☒ Schedule of payments to insiders
- ☒ All bank statements and bank reconciliations for the reporting period
- ☒ Description of the assets sold or transferred and the terms of the sale or transfer

/s/ David Mickelson

Signature of Responsible Party

09/18/2023

Date

David Mickelson - Chief Restructuring Officer

Printed Name of Responsible Party

Post Office Box 1028 La Canada Flintridge, CA 91012
Address

STATEMENT: This Periodic Report is associated with an open bankruptcy case; therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

Debtor's Name Okaysou Corp

Case No. 23-11535

Part 1: Cash Receipts and Disbursements	Current Month	Cumulative
a. Cash balance beginning of month	\$38,058	
b. Total receipts (net of transfers between accounts)	\$0	\$0
c. Total disbursements (net of transfers between accounts)	\$13	\$0
d. Cash balance end of month (a+b-c)	\$38,045	
e. Disbursements made by third party for the benefit of the estate	\$0	\$0
f. Total disbursements for quarterly fee calculation (c+e)	\$13	\$0

Part 2: Asset and Liability Status (Not generally applicable to Individual Debtors. See Instructions.)	Current Month
a. Accounts receivable (total net of allowance)	\$0
b. Accounts receivable over 90 days outstanding (net of allowance)	\$0
c. Inventory (Book <input type="radio"/> Market <input type="radio"/> Other <input checked="" type="radio"/> (attach explanation))	\$903,004
d. Total current assets	\$38,045
e. Total assets	\$941,049
f. Postpetition payables (excluding taxes)	\$15,002
g. Postpetition payables past due (excluding taxes)	\$15,002
h. Postpetition taxes payable	\$0
i. Postpetition taxes past due	\$0
j. Total postpetition debt (f+h)	\$15,002
k. Prepetition secured debt	\$720,097
l. Prepetition priority debt	\$0
m. Prepetition unsecured debt	\$898,343
n. Total liabilities (debt) (j+k+l+m)	\$1,633,442
o. Ending equity/net worth (e-n)	\$-692,393

Part 3: Assets Sold or Transferred	Current Month	Cumulative
a. Total cash sales price for assets sold/transferred outside the ordinary course of business	\$0	\$0
b. Total payments to third parties incident to assets being sold/transferred outside the ordinary course of business	\$0	\$0
c. Net cash proceeds from assets sold/transferred outside the ordinary course of business (a-b)	\$0	\$0

Part 4: Income Statement (Statement of Operations) (Not generally applicable to Individual Debtors. See Instructions.)	Current Month	Cumulative
a. Gross income/sales (net of returns and allowances)	\$0	
b. Cost of goods sold (inclusive of depreciation, if applicable)	\$0	
c. Gross profit (a-b)	\$0	
d. Selling expenses	\$0	
e. General and administrative expenses	\$0	
f. Other expenses	\$0	
g. Depreciation and/or amortization (not included in 4b)	\$0	
h. Interest	\$0	
i. Taxes (local, state, and federal)	\$0	
j. Reorganization items	\$0	
k. Profit (loss)	\$0	\$0

Debtor's Name Okaysou Corp

Case No. 23-11535

Part 5: Professional Fees and Expenses

a.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative
	Debtor's professional fees & expenses (bankruptcy) <i>Aggregate Total</i>		\$0			
	<i>Itemized Breakdown by Firm</i>					
	Firm Name	Role				
i	Vahe Khojayan	Lead Counsel	\$0			
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b.			Approved Current Month	Approved Cumulative	Paid Current Month	Paid Cumulative	
	Debtor's professional fees & expenses (nonbankruptcy) <i>Aggregate Total</i>		\$698	\$17,319	\$0	\$0	
	<i>Itemized Breakdown by Firm</i>						
		Firm Name	Role				
	i	David Mickelson	Financial Professional	\$698	\$17,319	\$0	\$0
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Debtor's Name Okaysou Corp

Case No. 23-11535

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Debtor's Name Okaysou Corp

Case No. 23-11535

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Debtor's Name Okaysou Corp

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	c						
c.	All professional fees and expenses (debtor & committees)			\$698	\$17,319		

Part 6: Postpetition Taxes**Current Month****Cumulative**

a.	Postpetition income taxes accrued (local, state, and federal)	\$0	\$0
b.	Postpetition income taxes paid (local, state, and federal)	\$0	\$0
c.	Postpetition employer payroll taxes accrued	\$0	\$0
d.	Postpetition employer payroll taxes paid	\$0	\$0
e.	Postpetition property taxes paid	\$0	\$0
f.	Postpetition other taxes accrued (local, state, and federal)	\$0	\$0
g.	Postpetition other taxes paid (local, state, and federal)	\$0	\$0

Part 7: Questionnaire - During this reporting period:

- a. Were any payments made on prepetition debt? (if yes, see Instructions) Yes ☐ No ☒
- b. Were any payments made outside the ordinary course of business without court approval? (if yes, see Instructions) Yes ☐ No ☒
- c. Were any payments made to or on behalf of insiders? Yes ☐ No ☒
- d. Are you current on postpetition tax return filings? Yes ☐ No ☒
- e. Are you current on postpetition estimated tax payments? Yes ☐ No ☒
- f. Were all trust fund taxes remitted on a current basis? Yes ☐ No ☒
- g. Was there any postpetition borrowing, other than trade credit? (if yes, see Instructions) Yes ☐ No ☒
- h. Were all payments made to or on behalf of professionals approved by the court? Yes ☐ No ☐ N/A ☒
- i. Do you have:
- Worker's compensation insurance? Yes ☐ No ☒
- If yes, are your premiums current? Yes ☐ No ☐ N/A ☒ (if no, see Instructions)
- Casualty/property insurance? Yes ☐ No ☒
- If yes, are your premiums current? Yes ☐ No ☐ N/A ☒ (if no, see Instructions)
- General liability insurance? Yes ☐ No ☒
- If yes, are your premiums current? Yes ☐ No ☐ N/A ☒ (if no, see Instructions)
- j. Has a plan of reorganization been filed with the court? Yes ☐ No ☒
- k. Has a disclosure statement been filed with the court? Yes ☒ No ☐
- l. Are you current with quarterly U.S. Trustee fees as set forth under 28 U.S.C. § 1930? Yes ☐ No ☒

Debtor's Name Okaysou Corp

Case No. 23-11535

Part 8: Individual Chapter 11 Debtors (Only)

- | | | |
|--|-------|-----|
| a. Gross income (receipts) from salary and wages | _____ | \$0 |
| b. Gross income (receipts) from self-employment | _____ | \$0 |
| c. Gross income from all other sources | _____ | \$0 |
| d. Total income in the reporting period (a+b+c) | _____ | \$0 |
| e. Payroll deductions | _____ | \$0 |
| f. Self-employment related expenses | _____ | \$0 |
| g. Living expenses | _____ | \$0 |
| h. All other expenses | _____ | \$0 |
| i. Total expenses in the reporting period (e+f+g+h) | _____ | \$0 |
| j. Difference between total income and total expenses (d-i) | _____ | \$0 |
| k. List the total amount of all postpetition debts that are past due | _____ | \$0 |
- l. Are you required to pay any Domestic Support Obligations as defined by 11 U.S.C § 101(14A)? Yes ☐ No ☒
- m. If yes, have you made all Domestic Support Obligation payments? Yes ☐ No ☐ N/A ☒

Privacy Act Statement

28 U.S.C. § 589b authorizes the collection of this information, and provision of this information is mandatory under 11 U.S.C. §§ 704, 1106, and 1107. The United States Trustee will use this information to calculate statutory fee assessments under 28 U.S.C. § 1930(a)(6). The United States Trustee will also use this information to evaluate a chapter 11 debtor's progress through the bankruptcy system, including the likelihood of a plan of reorganization being confirmed and whether the case is being prosecuted in good faith. This information may be disclosed to a bankruptcy trustee or examiner when the information is needed to perform the trustee's or examiner's duties or to the appropriate federal, state, local, regulatory, tribal, or foreign law enforcement agency when the information indicates a violation or potential violation of law. Other disclosures may be made for routine purposes. For a discussion of the types of routine disclosures that may be made, you may consult the Executive Office for United States Trustee's systems of records notice, UST-001, "Bankruptcy Case Files and Associated Records." See 71 Fed. Reg. 59,818 et seq. (Oct. 11, 2006). A copy of the notice may be obtained at the following link: http://www.justice.gov/ust/eo/rules_regulations/index.htm. Failure to provide this information could result in the dismissal or conversion of your bankruptcy case or other action by the United States Trustee. 11 U.S.C. § 1112(b)(4)(F).

I declare under penalty of perjury that the foregoing Monthly Operating Report and its supporting documentation are true and correct and that I have been authorized to sign this report on behalf of the estate.

David Mickelson

Signature of Responsible Party

Chief Restructuring Officer

Title

David Mickelson

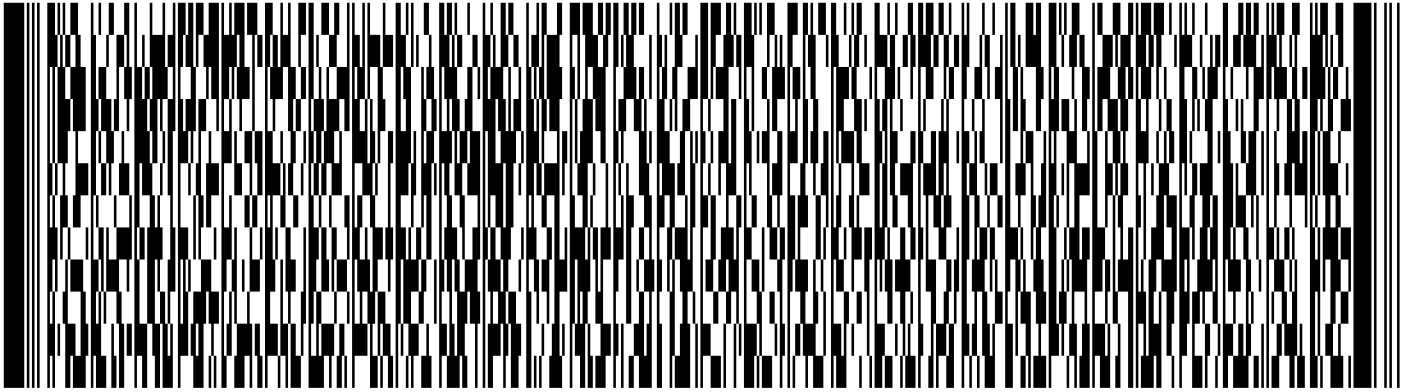
Printed Name of Responsible Party

09/18/2023

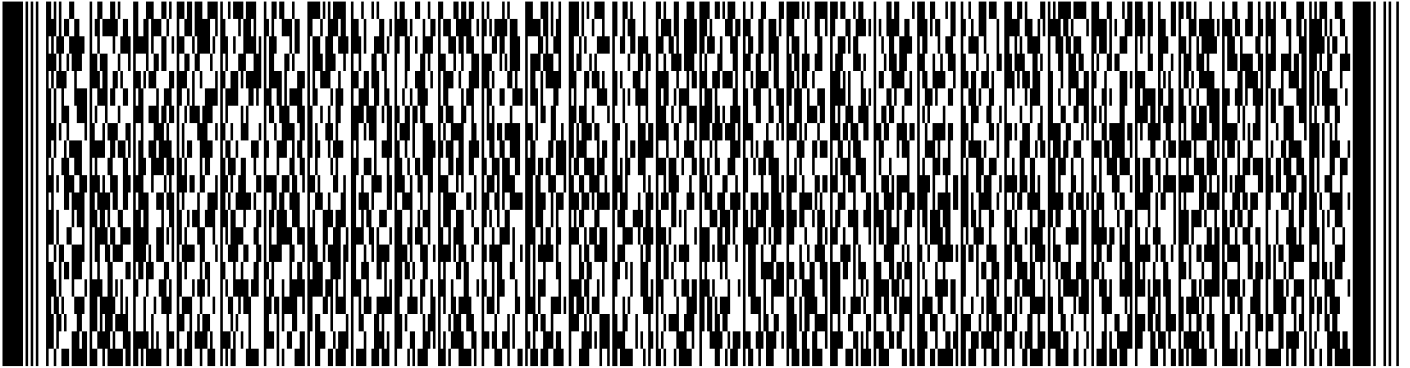
Date

Debtor's Name Okaysou Corp

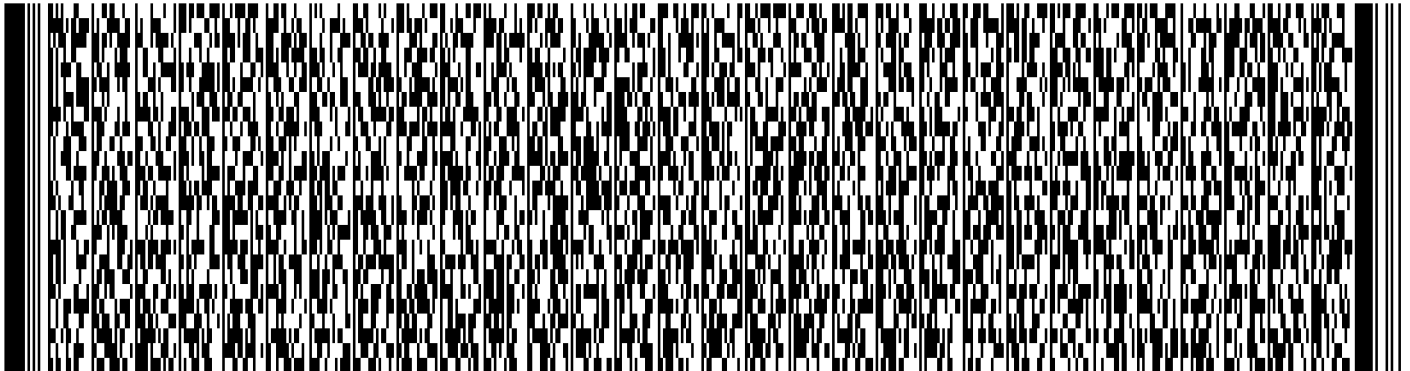
Case No. 23-11535



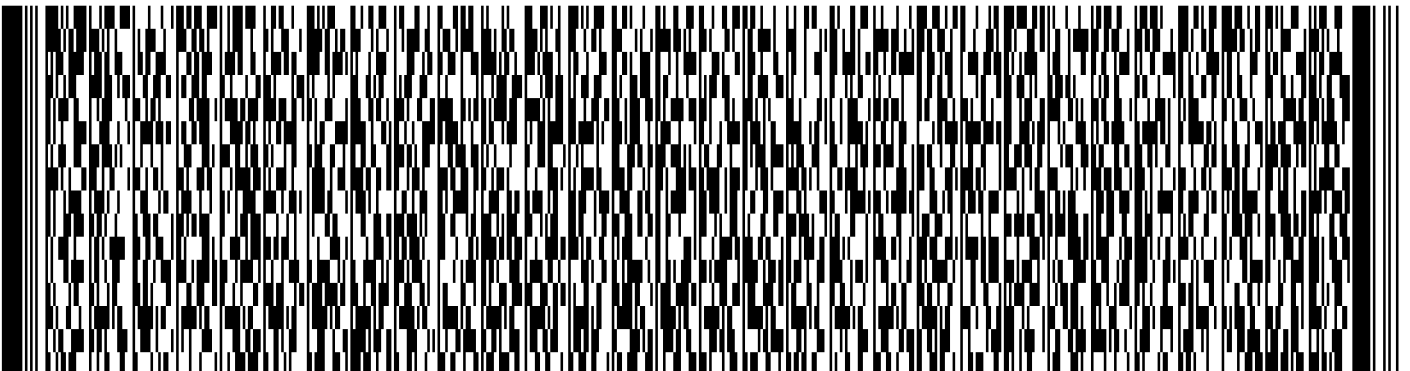
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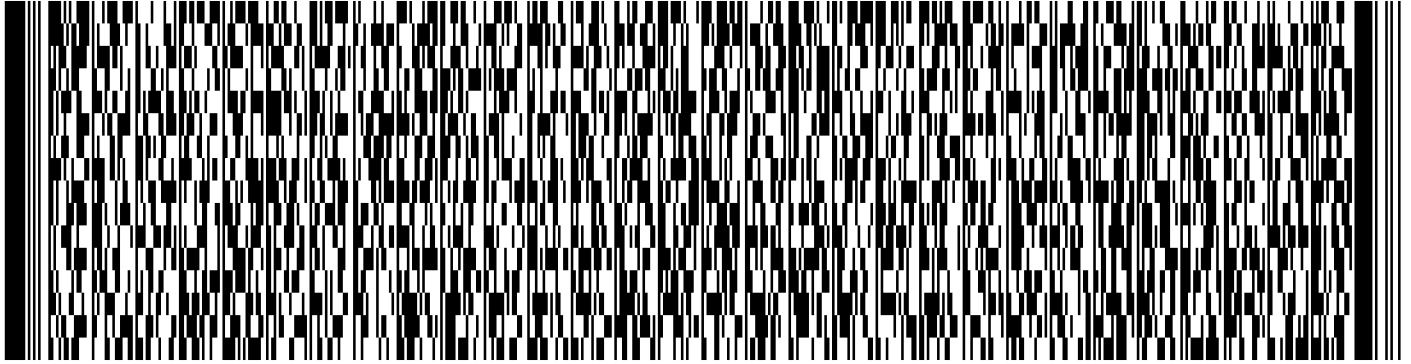
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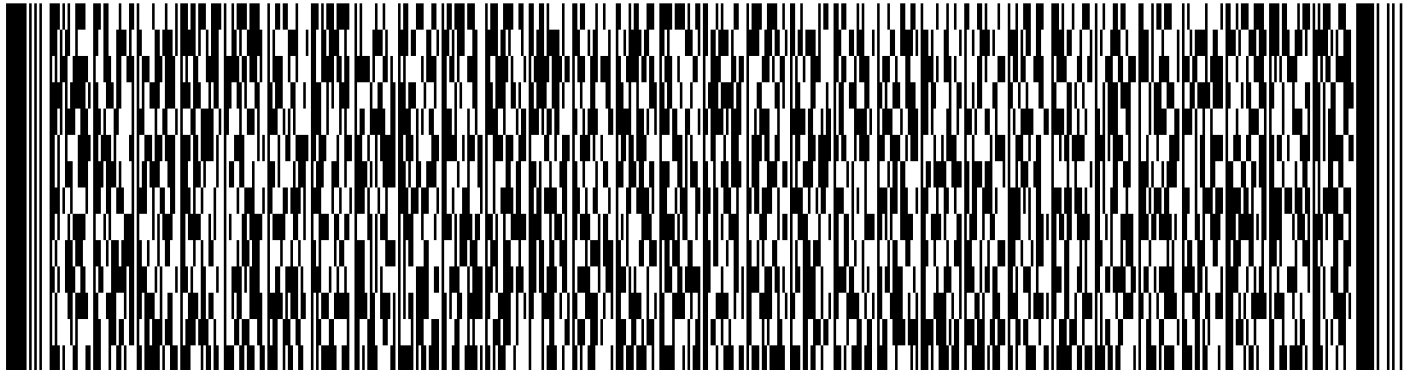
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Debtor's Name Okaysou Corp

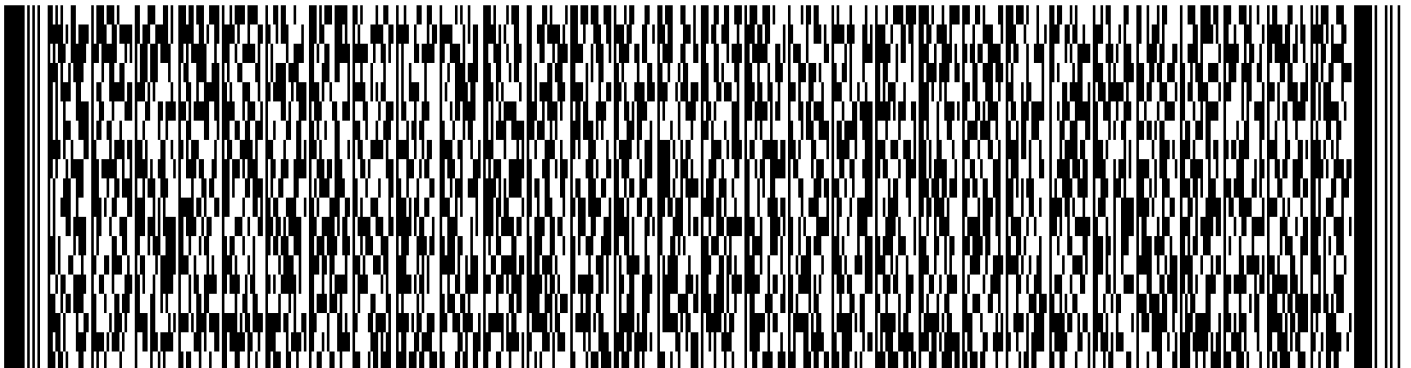
Case No. 23-11535



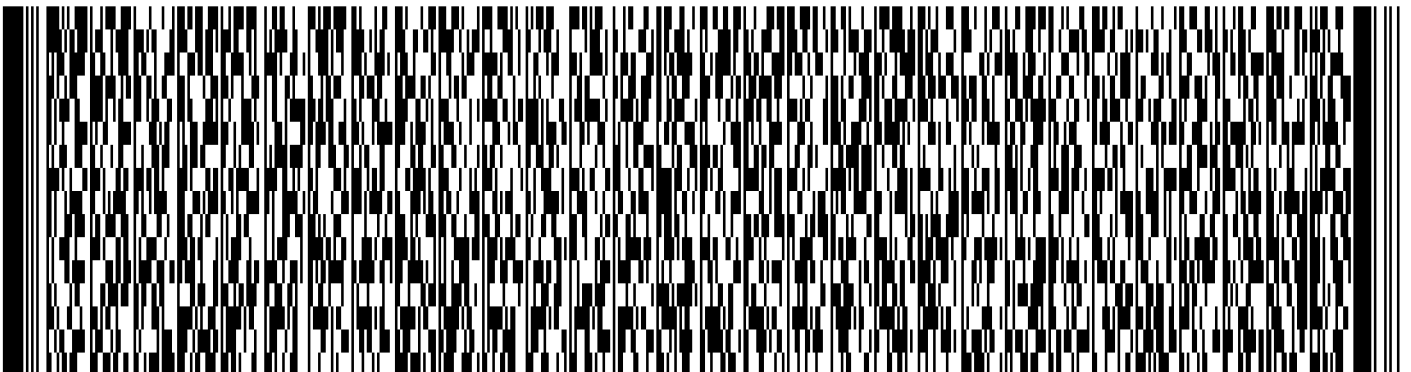
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Bankruptcy51to100



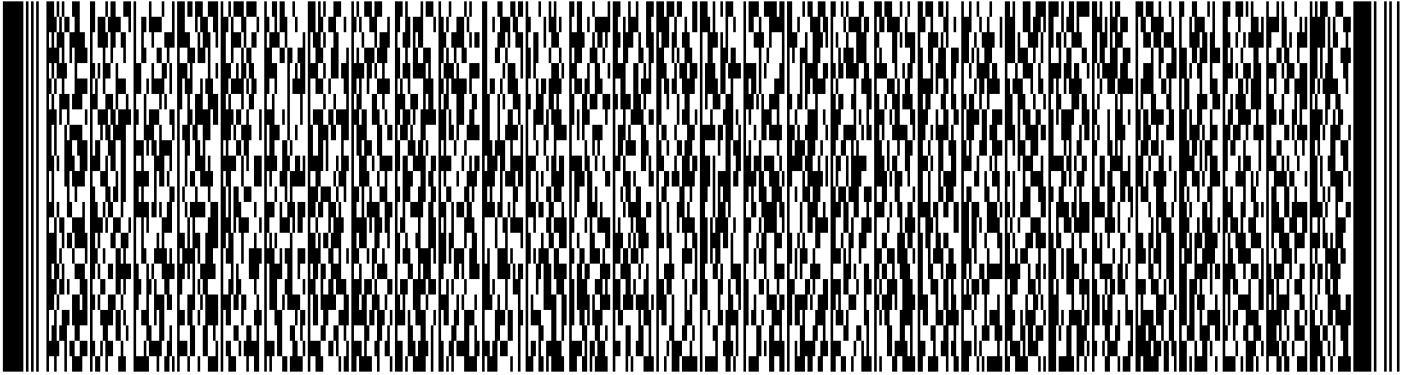
NonBankruptcy1to50



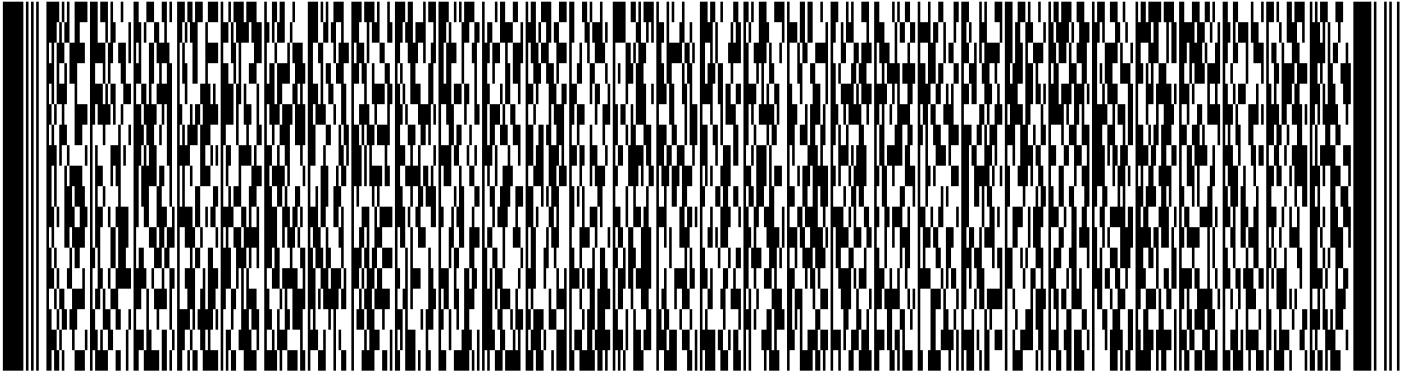
NonBankruptcy51to100

Debtor's Name Okaysou Corp

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PageFour

BANK OF THE WEST

A trade name used by BMO Harris Bank N.A.

P.O. Box 2830, Omaha, NE 68103-2830

Account Statement

July 1, 2023 - July 31, 2023

Page 1 of 4



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OKAYSOU CORP

DEBTOR-IN-POSSESSION

GENERAL ACCOUNT

603 S MILLIKEN AVE STE G

ONTARIO CA 91761-8102

At your service



bankofthewest.com



1-800-488-2265



1-800-659-5495 TTY

FEE ELIMINATION UPDATE

Effective July 11, 2023, the Deposited Item Returned fees have been eliminated for all consumer deposit accounts.

Remember to confirm your email during your next branch visit or call our Contact Center at 800-488-2265. Our emails keep you educated about our services, products and more.

ANY DEPOSIT CHKG FOR BUSINESS

OKAYSOU CORP

DEBTOR-IN-POSSESSION

GENERAL ACCOUNT

ACCOUNT SUMMARY

Beginning Balance	\$38,057.98
0 Credits	0.00
0 Deposits	0.00
2 Withdrawals	-13.00
0 Checks	0.00
Ending Balance	\$38,044.98

EARNINGS SUMMARY

Interest this statement period	\$0.00
Interest credited year-to-date	\$0.00
Annual percentage yield earned	0.00%
Average monthly balance	\$38,057.98

For your protection:

Examine this statement promptly. Any discrepancy must be reported within 30 days. Consumer customers: A discrepancy regarding an electronic payment or line of credit must be reported within 60 days.



BANK OF THE WEST

A trade name used by BMO Harris Bank N.A.

Account Statement

July 1, 2023 - July 31, 2023

Page 2 of 4

ANY DEPOSIT CHKG FOR BUSINESS xxx-xx9546 (continued)

ACCOUNT DETAIL

Withdrawals

Date	Amount	Description
07/31	\$10.00	SERVICE CHARGE
07/31	3.00	PAPER STATEMENT FEE

2 withdrawals for a total of \$13.00



BANK^{OF}THE WEST

A trade name used by BMO Harris Bank N.A.

Account Statement

July 1, 2023 - July 31, 2023

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IMPORTANT INFORMATION

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS

(For accounts that are maintained primarily for personal, family or household purposes.)

Telephone us at (800) 488-2265, or write us at Bank of the West, Branch Service Center, P.O. Box 2573, Omaha, NE 68103-2573 as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the error or problem appeared. We will need to know the following:

1. Tell us your name and account number (if any).
2. Describe the error or the transfer you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (20 business days for transactions involving new accounts) to do this, we will credit your account for the amount you think is in error, so that you will have the use of the money during the time it takes us to complete our investigation.

When you receive your statement for checking, savings and money market accounts you will notice the "average monthly balance" and "annual percentage yield earned" on the statement. Every financial institution is required by federal regulation to disclose the "annual percentage yield earned" on the periodic statement. The annual percentage yield earned (APYE) is not to be confused with the annual percentage yield (APY) that was disclosed to you at account opening. APY and APYE use different calculations.

The APYE is calculated using the amount of interest paid to the account and the average monthly balance in your account over the statement period. The number of days would be the number of days in the statement cycle period. The APY, on the other hand, is an annualized rate (over 365/366 days) and calculated using the opening deposit amount and the interest rate in effect at account opening and compounding frequency. The APY calculation assumes there are: (1) no deposits (excluding interest postings) to or withdrawals from the account and (2) no interest rate changes for the 365/366 days.

For help in reconciling your checking account, please go to www.bankofthewest.com/recon-page and download our reconciliation form.



July 1, 2023 - July 31, 2023

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A trade name used by BMO Harris Bank N.A.

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Okaysou Corp Financial Disclosure Notes – July 31, 2023

Supporting Documentation

1. The Debtor estate has not received any cash receipts from Amazon or Shopify sales.
2. The Debtor estate has not disbursed any funds for expenses.
3. No balance sheet has been prepared, no current financial statements have been provided by the Debtor.
4. The Debtor does not report any Accounts Receivable nor agings.
5. The Debtor does not report any Liability or Payable Agings.
6. A Statement of Capital Assets for 2022 & 2023 has not been provided by the Debtor. Effectively, given the Debtor had not reported any Capital Assets on the 2021 Corporate Tax Returns, it is unlikely that the Debtor has any Capital Assets.
7. No payments from the estate have been made to Professionals.
8. No payments from the estate have been made to Insiders.
9. Assets may have been sold through Amazon's Seller Central platform.

Part 1.

- A. Receipts and Disbursements are under the control of Amazon, therefore the Debtor has no control over this category. Receipts and Disbursements are under the control of Shopify, therefore the Debtor has no control over this category.

Part 2.

- A. (a) Accounts Receivable are under control of Amazon. The Debtor has no control or access to proceeds from the Amazon account due to lack of authorization from Amazon:

- B. (a) Amazon Net Accounts Receivable for the period ending July 31, 2023 are \$860,490.
- C. (a) Amazon Net Accounts Receivable for the period ending June 30, 2023 are \$699,950.
- D. (a) Amazon Net Accounts Receivable for the period ending May 31, 2023 are \$497,986.
- E. (a) Amazon Net Accounts Receivable for the period ending April 30, 2023 are \$181,558.
- F. (a) Shopify Accounts Receivable are under the control of Shopify in Canada but fulfilled through Amazon (FBA). The Debtor has not control or access to proceeds from the Shopify account.
- G. (a) Shopify Gross Accounts Receivable for the period ending August 8, 2023 are \$485,818, but the Amazon shipping charges of ~ seven percent (7%) have not been deducted. Additionally, Shopify Capital charges of ~ twenty-five percent (25%) have not been deducted from the gross accounts receivable.
- H. (a) Shopify Gross Accounts Receivable for the period ending July 31, 2023 are \$368,694, but the Amazon shipping charges of ~ seven percent (7%) have not been deducted. Additionally, Shopify Capital charges of ~ twenty-five percent (25%) have not been deducted from the gross accounts receivable.
- I. (a) Shopify Gross Accounts Receivable for the period ending June 30, 2023 are \$251,570, but the Amazon shipping charges of ~ seven percent (7%) have not been deducted. Additionally, Shopify Capital charges of ~ twenty-five percent (25%) have not been deducted from the gross accounts receivable.
- J. (a) Shopify Gross Accounts Receivable for the period ending May 31, 2023 are \$102,200, but the Amazon shipping charges of ~ seven percent (7%) have not been deducted. Additionally, Shopify Capital charges of ~ twenty-five percent (25%) have not been deducted from the gross accounts receivable.
- K. (a) Shopify Gross Accounts Receivable for the period ending April 30, 2023 are \$14,124, but the Amazon shipping charges of ~ seven percent (7%) have not been deducted. Additionally, Shopify Capital charges of ~ twenty-five percent (25%) have not been deducted from the gross accounts receivable.

- L. (a) Summary (A-K) – Amazon Net Accounts Receivable through July 31, 2023 total \$860,490. Shopify Gross Accounts Receivable through July 31, 2023 total \$485,818. The combined Accounts Receivable from Amazon & Shopify total \$1,346,308. These Accounts Receivable funds need to be reconciled to the asset category once Amazon provides the proper authorization into the Seller's Central account.
- M. (c) Okaysou Corp 2021 tax return balance sheet reflects inventory as zero. There is contractual inventory (sold by Amazon) held as collateral for the Debtors secured lien – liability. Recent discoveries based on Amazon and Third-Party providers from August 20, 2023 to August 31, 2023 have established additional inventory located in Los Angeles and Riverside County of a range between \$600,000 to \$800,000. A physical inspection of one Third-Party location has confirmed ~ \$400,000 of finished goods inventory.
- N. (c) an inventory adjustment of eighty-one percent (81%) has been applied against sales during the July 2023 period. Based on July net sales of \$160,540, an adjustment of \$130,037 has been applied to July 2023 inventory.
- O. (c) an inventory adjustment of eighty-one percent (81%) has been applied against sales during the June 2023 period. Based on June net sales of \$201,964, an adjustment of \$163,590.84 has been applied to June 2023 inventory.
- P. (c) an inventory adjustment of eight-one percent (81%) has been applied against sales during the May 2023 period. Based on May net sales of \$316,428, an adjustment of \$256,306.68 has been applied to May 2023 inventory.
- Q. (c) an inventory adjustment of eighty-one percent (81%) has been applied against sales during the April 2023 period. Based on April net sales of \$181,558, an adjustment of \$147,061.98 has been applied to April 2023 inventory.
- R. (c) no inventory adjustment has been applied to Shopify sales. Total Shopify sales which are fulfilled via Amazon distribution channels from April 18, 2023 to June 30, 2023 total \$251,570.
- S. (c) no inventory adjustment has been applied to Shopify sales. Total Shopify sales which are fulfilled via Amazon distribution channels from July 1, 2023 to July 31, 2023 total \$117,124.

Part 4.

- A. At this time, no Statement of Operations can be provided. While the Amazon Seller Central platform reported domestic and international gross sales from April 20, 2023 to April 30, 2023 of \$263,127 & net sales of \$181,558, no proceeds have been disbursed or received by the Okaysou Corp estate.
- B. While the Amazon Seller Central platform reported domestic and international gross sales from May 1, 2023 to May 31, 2023 of \$458,592 & net sales of \$316,428, no proceeds have been disbursed or received by the Okaysou Corp estate.
- C. While the Amazon Seller Central platform reported domestic and international gross sales from June 1, to June 30, 2023 of \$292,701 & net sales of \$201,964, Amazon sent an unauthorized disbursement of \$255,083.13 to Souxing Tech account number 0361.
- D. While the Amazon Seller Central platform reported domestic and international gross sales from July 1, 2023 to July 31, 2023 of \$232,666 & net sales of \$160,540, Amazon sent a series of unauthorized disbursements from April 18, 2023 to July 26, 2023 totaling \$267,281.21.
- E. As of September 2, 2023, 2:00pm PST, Amazon revoked and has locked out the CRO from access to the account. Numerous attempts have been made to understand the rationale, but have been unsuccessful.
- F. As of September 14, 2023, Amazon reactivated the account, but security issues remain.
- G. Based on forecasted sales from April 18, 2023 to July 31, 2023, the Okaysou Corp estate should have sufficient working capital for operations to preserve its value. Additionally, the company should be profitable.

Part 7.

- A. The CRO is in the process of confirming tax and related payments. A request has been made to employ the Debtor's accounting firm to file Federal and State Tax Returns.

Sincerely,

David Mickelson
North Cape Advisors
Chief Restructuring Officer under 11 USC 363
Case #: 6:23-bk-11535
okaysoucorp.ddm@gmail.com
818 631-6784